

**OPENING STATEMENT OF
CHAIRMAN PAUL E. KANJORSKI
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND
GOVERNMENT SPONSORED ENTERPRISES
MARKUP OF H.R. 2761, THE TERRORISM RISK INSURANCE
REVISION AND EXTENSION ACT OF 2007
TUESDAY, JULY 24, 2007**

We meet today to mark up H.R. 2761, a bill that will extend and revise the Terrorism Risk Insurance Act, otherwise known as TRIA. My friend and colleague, Congressman Mike Capuano of Massachusetts, introduced the Terrorism Risk Insurance Revision and Extension Act last month, and we have already held three hearings this year on this important subject.

After the terrorist attacks of September 11, insurers stopped offering insurance to protect against terrorism risk, and we experienced economic uncertainty. In response, Congress designed TRIA to serve as temporary program with the expectation that the insurance industry could eventually model and price for terrorism risk. We extended the original law in 2005 because the private marketplace had not yet recovered.

While TRIA and its first extension have helped to increase the availability and affordability of terrorism risk insurance, we have received overwhelming testimony this year in favor of continuing the Federal government backstop and extending the law for a second time. Unfortunately, the threat of terrorist attacks on U.S. soil has not diminished.

Because TRIA will expire at the end of this year, we now need to consider H.R. 2761. This bill is a good product. It will help to protect our nation's economic security. Briefly, it will extend TRIA for 10 years, eliminate the distinction between foreign and domestic terrorism, lower the event trigger to \$50 million, add group life insurance to the program, and create a blue-ribbon commission to develop long-term recommendations.

Significantly, this bill also improves coverage for nuclear, biological, chemical, and radiological terrorism events. If the goal of TRIA is to protect the economic security of our nation against terrorist threats, then Congress specifically needs to address the threat posed by NBCR terrorism. H.R. 2761 aims to limit the exposure of insurers to this risk and promote a private market to price and distribute this product.

Since the bill's introduction, a number of parties in the insurance world have raised concerns about its NBCR provisions. We are working to address some of those concerns in the manager's amendment that I will offer this morning. I am also committed to continuing to work to further enhance the comfort level of insurers with respect to providing greater coverage for NBCR terrorism events.

In my view, going forward we ought to focus on changes to the structure of the insurer's copayments for NBCR losses. We should also clarify the legal treatment of incidental NBCR reactions, contaminations, or releases resulting from a conventional attack.

In addition, I want to recognize my colleague, Mr. Meeks of New York, for his contributions to the manager's amendment. Mr. Meeks expressed support for expanding the

blue-ribbon commission to include a representative of the commercial real estate brokerage and property management industries. The manager's amendment makes this change.

Like most legislative products, H.R. 2761 is not perfect from everyone's viewpoint. From my perspective, the retroactive reset mechanism is still troublesome, but I have no plans to offer an amendment on it today. To the extent that we can, we should continue working towards consensus today, next week in the full Committee, and on the House floor. Today's deliberations will assist in achieving this goal by allowing us to work through the numerous important and difficult issues associated with TRIA.

As we proceed today, I look forward to debating constructive proposals designed to improve this bill. I, however, also hope that my colleagues will carefully choose their amendments because time is running out. We must act swiftly to extend this necessary program in order to provide marketplace certainty.

In closing, today's markup will further the legislative process. It will help us to make a good bill better. I look forward to a fair and productive debate.
